

**BOARD OF SUPERVISORS**

**GILA COUNTY, ARIZONA**

Date: September 13, 2005

**JOSÉ M. SANCHEZ**

Chairman

**STEVEN L. BESICH**

Clerk of the Board

**TOMMIE C. MARTIN**

Vice-Chairman

By: Marilyn Brewer  
Deputy Clerk

**SHIRLEY L. DAWSON**

Member

Gila County Courthouse  
Globe, Arizona

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PRESENT: Jose M. Sanchez, Chairman; Tommie C. Martin, Vice-Chairman; Shirley L. Dawson, Member; Steven L. Besich, County Manager/Clerk; Marian Sheppard, Chief Deputy Clerk; and, Bryan Chambers, 2<sup>nd</sup> Chief Deputy County Attorney.

The Gila County Board of Supervisors met in Regular Session at 10:00 a.m. this date. Dixie Mundy led the Pledge of Allegiance and Lyle Johnston of St. Paul's United Methodist Church delivered the Invocation.

Erin Collins, President of Erin Collins and Associates, gave a PowerPoint presentation regarding Gila County's participation in the Arizona Local Government Employee Benefit Trust (AZLGEBT). He gave a brief history on the AZLGEBT, which is technically considered an insurance pool but is owned by the participating counties. It was formed July 1, 1994, by Graham, Greenlee, and Santa Cruz Counties initially. In 1998 La Paz County joined, and Gila County joined on September 1, 1999, along with Apache County. The purpose of AZLGEBT was as follows: 1) affordable, accessible quality healthcare, and 2) in a rural setting. In reference to the functional history, when AZLGEBT was first formed, in the years from 1994-1998, the focus was on traditional financial issues of lowering operating expenses and maximizing cash flow benefits. The results were that less than 13 cents on the dollar went to

administration and today that number is less than 10 cents for operating costs; by comparison Blue Cross operates at 24 cents. AZLGEBT then focused on wellness and health promotion by first using a vendor and then bringing the program in-house and basing it on the following premises: 1) good health is good business; 2) educate employees and make it easy for them to seek preventative and diagnostic care; 3) encourage good nutrition and physical activity; and, 4) early detection saves lives and dollars. The Wellness Program came about based on various cases cited by Mr. Collins where it came to their attention that a procedure, such as a liver transplant, was successfully completed for \$118,000 instead of the normal fee of \$400,000. It was also discovered that three women in their forties who all died of breast cancer within six months had not had a recent mammogram. A query was done on 1,100 women over age 40 and only 17% had a mammogram in the preceding 12 months. With the Wellness Program in place, 89% of women over age 40 have now had a mammogram within the past 12 months. Breast cancer was the single most frequent diagnosis and by focusing on prevention, it was discovered that “good health is good business,” and breast cancer has now moved to the 9<sup>th</sup> place. There is now a portable mammography machine that is taken to the counties, and doctors are able to diagnose breast cancer earlier, so the treatment is higher and costs are lower. In determining where to focus for the Wellness/Prevention Program, AZLGEBT looked at claims over \$25,000, and focused on the large claims, over-claims, and prescriptions. The top claims are as follows: 1) cardio-vascular; 2) cancer; 3) musculoskeletal; 4) obesity; and, 5) diabetes. Gila County’s highest claims are for cardio-vascular. AZLGEBT also looked at the health risk appraisal data. A benefit schedule was then set up which included a \$500 annual wellness benefit and a colonoscopy benefit, allowed once every ten years for everyone over the age of 50. Targeted interventions were set up which included a mobile-on-site mammography (MOM), a CatScan of the heart and abdomen, prostate-testicular exams, a walking program, 5-a-day program, drop the diet, flu and pneumonia, and

lifeline screenings. Mr. Collins explained that the drop in illnesses and costs are because of the targeted interventions. Nationally, medical cost inflation has been 12%, but two years ago there was a zero rate increase and last year it was a 4.5% increase. He stated that in the AZLGEBT it is known that 1) a very small number of diagnoses make up a significant portion of claims, and less than one-quarter of one percent represent 30% of the claims in the \$80,000-\$100,000 range with most claims being attributed to cardiac cases; 2) depending on how new the target area of screening is, 8-13% will be abnormal; and, 3) trend lines on inflation have moderated or (possibly) reversed. In reference to specific Gila County statistics, Mr. Collins stated that it is somewhat surprising that Gila County is still an AZLGEBT member because of its high costs; however, since 2003, and because of the Wellness Program, Gila County's costs have decreased dramatically. He stressed the importance of participation in the Wellness Program by the Board of Supervisors, elected and appointed managers, the Wellness Program coordinator and ambassadors, and the employees. He congratulated Jacque Griffin, Assistant County Manager/County Librarian, for her efforts as the Wellness Program coordinator in promoting the Wellness Program within Gila County, which has had a positive impact on participation. Mr. Collins stated Gila County is still high in cardio-vascular claims, cancer, and nutrition and exercise related issues. Overall Gila County members are 77% above ideal body weights, and within the Hispanic population, there is a high incidence of diabetes. Each Board member thanked Mr. Collins for his presentation and support and guidance in administering the AZLGEBT. Vice-Chairman Martin also wanted to send the message that another way to cut costs is by employees making doctor's appointments instead of utilizing the emergency room, as this is a huge cost. Dan Adams, a resident of Payson and speaking as a member of the Citizen's Awareness Committee, inquired if this program could be presented in the Payson area, and Mr. Collins replied in the affirmative. Chairman Sanchez also

thanked Mr. Besich for the \$3 million savings to AZLGEBT on behalf of Gila County because of his efforts in promoting the Wellness Program.

Vice-Chairman Martin requested authorization to request the AZLGEBT to remove pharmacies from AZLGEBT's authorized providers listing for refusing to comply with a voluntary withdrawal of ephedrine and pseudo ephedrine from the store shelves and place said products behind the counter. This action will take place in northern Gila County, and if proven to be successful, it will expand throughout all of Gila County. She stated that there have been discussions on the methamphetamine (hereafter referred to as meth) problems in Gila County and the ramifications. She stated, "*Meth is the first drug of choice that you can go to a store, buy the ingredients and in half an hour have enough meth for yourself and friends. One of the ingredients for making meth is ephedrine or pseudo ephedrine which can be purchased on the shelves in local stores.*" Vice-Chairman Martin stated she and Supervisor Dawson have witnessed the purchase of large quantities of ephedrine at WalMart. She invited several people to attend the meeting to speak on this issue to the Board. Vice-Chairman Martin also stated she has been in contact with Terry Goddard, Arizona State Attorney General, who had put forth a proposal to the last Legislature to have all ephedrine placed behind the counter, but because of lobbyists, the bill was finally "*watered down*" and didn't pass. Mr. Goddard told her that an ordinance could be passed in Gila County, but it would have "no teeth" to it as there are certain drugs that cannot be managed and ephedrine falls under that category of drug. Vice-Chairman Martin stated that is why this proposal is before the Board in an effort to get these two ingredients put behind the counters in the stores. Vice-Chairman Martin stated that a couple of weeks ago she and Mr. Collins met with the Sheriff's Office on using the power of the dollar. She stated that the County has the option of where money is spent on prescriptions and is asking the stores to put these ingredients behind the counter. If the stores don't voluntarily comply, the County through AZLGEBT can decide which businesses will provide members'

prescriptions. She stated that the Payson pharmacies were more than happy to discuss the issue and are already voluntarily complying. Claudia Dalmolin, speaking on behalf of Sheriff Armer, stated there is a huge meth problem in the County, and Sheriff Armer would like to support the effort because 80% of the crimes in Gila County are rooted in substance abuse and 80% of the drug abuse is related to meth usage. Mary Hawkins, Superior Court Administrator, stated that Robert Duber, Presiding Judge of the Superior Court, said his department wouldn't take a position on this, but he acknowledged that meth is a large problem in the southern part of the County and it is expanding in the north. Ms. Hawkins gathered data from September 2004 to September 2005 which shows that 70% of the meth cases were in the Globe-Miami area and 30% were in Payson. Bryan Chambers, speaking on behalf of the County Attorney's Office, stated that the County Attorney's Office has not taken a position on this specific proposal; however, he did wish to speak on the affect of meth in the County and nationwide. He stated that meth is a "*cancer*" as it not only affects the individual user, but it affects everyone around them. He stated this is evident in the juvenile cases his office handles, as parents who use meth don't do a great job with their children. He stated, "*People using meth burglarize other people's homes, which traumatizes the home owner, just to get a few cents on the dollar to buy another hit of meth.*" Mr. Chambers stated it is "*a scourge, a plague, and the factor*" in many other crimes, and has devastated the lives of the victims, so it needs to be addressed. Mr. Collins stated that his group has been in contact with the Association of Pharmacies, and by teaming up, he is hoping to come up with a model policy. He noted that in the newspaper he read that Phoenix has passed an ordinance which regulates meth be placed behind the counter and locked up. He stated there is a need to make it harder to obtain. Mr. Collins believes the bigger gap is in the smaller stores such as Circle K where there isn't a pharmacy, and he believes the national chains recognize the problem. Vice-Chairman Martin passed out a brochure to the Board about the facts behind meth. She read the statistics

that estimates in Gila County 70-80% of the burglaries are meth related as are 60-70% of the violent crimes. Gila County books almost twice as many people on a per capita basis into the County jail as the next highest county. She stated the major increases in the County budget this year were in the court system and the law enforcement system, and a great percentage of that is in child welfare. Vice-Chairman Martin believes the County is on the right track with this proposal, and she stated, *"Until the feds take over and blanket the County with better protection, I can't think of a better way of handling this."* She requested that the Board allow her to approach Mr. Collins and the AZLGEBT to make this a formal request, and hopes it will build an awareness throughout the community. Supervisor Dawson stated she has visited all of the pharmacies in southern Gila County, including the one in Kearny, and there is not a pharmacy that doesn't already have the drug behind the counter. She stated this is also a rampant problem on the neighboring San Carlos Apache Reservation and the San Carlos Apache Tribe is trying to address the issue. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously authorized Vice-Chairman Martin to proceed as requested.

At 11:07 Chairman Sanchez called for a brief recess.

At 11:16, Chairman Sanchez reconvened the meeting.

Dave Fletcher, Health and Community Services Division Director, requested authorization to increase/decrease the fees for adult vaccines administered based on the current cost of vaccines for the Health Department, and approval to change the fees charged for vaccines in the future according to costs. He stated that the County Health Department provides free vaccines for children from newborn to age 18. This request is to increase the fees for adults from age 19 and up. He stated this was last brought to the Board for changes three years ago, and since then there have been many new vaccines and wide dispersal of these vaccines. He requested that the Board adopt the new price sheet which would allow the Health Department to increase/decrease the fees based on the cost. Upon motion by Vice-Chairman Martin, seconded by

Supervisor Dawson, the Board unanimously approved the increase/decrease of fees for adult vaccines.

Evelyn Esparza, Purchasing Department Assistant, requested authorization to enter into an existing cooperative Intergovernmental Agreement (Contract No. 05-P-05) issued by Mohave County, which enables Gila County to procure the services with Public Surplus®, an online auction service, without going out to bid, and to authorize the advertisement of the internet online surplus auction. She stated there will be no cost to the County for registering or listing vehicles, and will allow for the County to have a paper trail of all sales. Public Surplus was created by public agencies, and Ms. Esparza showed its website to the Board. The website will have displays of all the County vehicles offered for sale to anyone in Arizona, nationwide and Canada, which will attract many more people for bidding. The terms and conditions will be set by the County and noted on the website, and the vehicles purchased will have to be picked up by the purchaser. Ms. Esparza stated that the use of the website will reduce man hours for the Public Works Department in having to transport the vehicles for storage, vandalism to the vehicles while in storage will be reduced, and the vehicles will be disposed of in a quicker manner. She stated bidders are not charged a fee, and the website will actually “walk” a user through the process. The County will be doing the on-line auctions, and it will be required to advertise for one month. A link to the auction website will be placed on Gila County’s website and it will be noted that the County will be conducting online auctions from this point forward. Anyone may participate in the auction with the exception of herself and any department authorized to obtain these vehicles. She stated that in the past when the County held public auctions, it took a lot of manpower for the full day event. With the process on the internet, bidders will be able to go online and bid 24 hours a day, 7 days a week, and County staff will not be required, which will reduce overtime pay. Chairman Sanchez inquired if the auction will be only for vehicle sales. Ms. Esparza stated that anything can be auctioned

such as unused desks and furniture. And internal e-mail could be sent to all departments listing the items available and if the items are not needed, they could then be placed on the auction. Vice-Chairman Martin inquired if heavy equipment could be auctioned. Ms. Esparza replied in the affirmative. Steve Stratton, Public Works Division Director, stated the auction site may be used at times by his department; however, he may also want to utilize other auction companies. Supervisor Dawson inquired if the County has the right to withdraw an item once it has been placed on the auction site. Ms. Esparza replied in the affirmative. Supervisor Dawson stated that she did not see where payment could be made by credit card or PayPal on the website. Ms. Esparza stated that option is not in place at this time but may be in the future. Vice-Chairman Martin stated that those individuals not having a computer could go to their local library and use those computers. Ms. Esparza stated that she will advertise the new auction site in the local newspapers and radio. Chairman Sanchez inquired about the fees. Ms. Esparza stated that usually with auctioneers the fee is 12-15% of the total sales, but with Public Surplus and by going with Mohave County's Intergovernmental Agreement, the fee would normally be 8%; however, Gila County's discounted rate will be 5.5% and only on items sold. Chairman Sanchez inquired if additional staff would be required. Ms. Esparza stated that no additional staff would be needed. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the cooperative Intergovernmental Agreement (Contract No. 05-P-05) with Public Surplus®.

Dave Fletcher requested that the Board consider a proposal by the Arizona Department of Health Services (ADHS) for the Gila County Health Department to enter into an Intergovernmental Agreement with the ADHS to develop a community specific plan and program for teen pregnancy prevention within Gila County. He stated that he received a call from ADHS inquiring if the County was interested in receiving \$75,000 in funding for this teen program, with the details being presented in a later meeting. Mr. Fletcher



stated this is the second year for this State program, which began with Yuma and Pima Counties last year. The initial amount to be funded is \$75,000, and the initial year is for planning whereby the County goes out into the community and holds public meetings to receive community input for the program. This program must be focused in one community, and Globe-Miami has been selected as the area of greatest need. Funding for the following two years will be at the rate of \$125,000 per year. Mr. Fletcher stated that the focus will be on the one area, and in subsequent years ADHS would add programs for other areas. The State is beta testing the program for its effectiveness. Supervisor Dawson inquired if this program works in conjunction with Planned Parenthood and the Teen Maze Program. Mr. Fletcher stated this County program would be completely separate. He stated that Paula Medina, Maternal and Child Health Program Coordinator, will be spearheading the program for the County as it ties in with her current responsibilities. Vice-Chairman Martin inquired how the results will be measured. Mr. Fletcher stated it will be measured by the reduction of teen pregnancies, and data is already available to measure against. Supervisor Dawson stated that in the Board data it shows the number of sexually transmitted diseases by zip code and hopefully there would also be a significant decrease in that area. Chairman Sanchez inquired if there were any matching fund requirements. Mr. Fletcher stated there are no requirements. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the Intergovernmental Agreement with ADHS.

Steve Stratton requested the adoption of Resolution No. 05-09-07 accepting the grant of a Public Road Easement from the U. S. Forest Service for Forest Road 1647 (Gordon Canyon Road). He stated that this road is one-quarter mile long and is located off Colcord Road and 1.7 miles off Highway 260. The road serves three full-time residents and six part-time residents. He stated it is the Engineering Department's recommendation to accept this Easement. Upon motion by Supervisor Dawson, seconded by Vice-Chairman

Martin, the Board unanimously adopted Resolution No. 05-09-07. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

Mr. Stratton requested the adoption of Resolution No. 05-09-08 designating Forest Road 1647 (Gordon Canyon Road) as a Primitive Road and accepting said road into the Gila County Primitive Road Maintenance System. He stated that for any roads that qualify for the County's Primitive Road Policy, it is his recommendation that they be enlisted due to a reduction in the County's liability. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously adopted Resolution No. 05-09-08. **(A copy of the Resolution is permanently on file in the Board of Supervisors' Office.)**

Steve Besich presented a request by Jennifer Steveson to utilize the Fairgrounds Exhibit Hall on April 1, 2006, for the Gila County 4-H Rabbit Club to hold its Gila Hoppers 4-H Rabbit Show with a waiver of fees. He stated this is an annual request for the Gila Hoppers to have its rabbit show, which has been held for a number of years. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the request with a waiver of fees.

Paula Medina requested the approval of a 2005 Grant Contract between the Susan G. Komen Breast Cancer Foundation, Inc. and the Gila County Division of Health and Community Services in the amount of \$50,000.00 for the Gila County Breast Education and Support Team (BEST) project. She stated that the goal will be breast cancer education and to increase the number of women in Gila County having access to mammograms. There will be 100 uninsured and underinsured women eligible to receive free mammograms, 25 at each of four locations, namely: Hayden-Winkelman, Globe-Miami, between Tonto Basin and Roosevelt, and Payson. Another objective is to set up a resource center providing educational materials to residents, hospitals, clinics, the Health Department, outreach facilities, and libraries. Advertising will be done via the newspapers, signs and radio. Chairman Sanchez inquired if a fee

will be charged, and whether mammograms will be offered to all Gila County residents. Ms. Medina stated that the cost of performing each mammogram is \$128.00, but it is free to the women and open to all County residents who qualify. A report will be sent to the women and their physicians. Jacque Griffin stated that for a side note, when Gila County employees have supported the "Shoot for the Cure" fundraiser over a period of years, a total of \$56,000 has been raised. Of that \$56,000, \$34,000 has been sent to the Susan G. Komen Foundation, Inc. So, with this one grant, the County is getting back more than has been sent to the Foundation. Vice-Chairman Martin stated this would make an interesting article for the website and requested an article be done about the program. Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved the 2005 Grant Contract as noted above.

Claudia Dalmolin, Sheriff's Office Administrator, requested the approval of the Highway Safety Contract No. 2005-PT-020 between the Governor's Office of Highway Safety and the Gila County Sheriff's Office in the amount of \$7,700.00 for the period of May 1, 2005, through December 31, 2005. She stated that the funds will be used to purchase five radar units. No matching County funds are required. Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board unanimously approved the Highway Safety Contract No. 2005-PT-020.

Mariano Gonzalez, Emergency Services Division Deputy Director, presented the Board with the mechanisms to be used by Gila County for employees requesting to volunteer for duty in areas affected by Hurricane Katrina (upon receipt of official requests issued by various government agencies). He stated that mechanisms are in place for states to help each other in times of national disaster such as the hurricanes which recently took place in the Gulf Coast Region. Gila County is a signatory to the Master Mutual Aid Agreement with the State of Arizona, and the State of Arizona is a signatory to the Emergency Management Assistance Compact to which most of the states in

the country are signatories. It is a mechanism that allows states to appeal for assistance of specific resources from the other various states. Gila County is receiving daily requests for personnel, equipment, and assistance. The State's emergency operation center appeals through the EMAC (Emergency Management Assistance Compact) Organization, which is congressionally recognized, and those requests are funneled to the other states' emergency operation centers. The State of Arizona is the operation center that receives the requests and disseminates them to the other State departments and counties. Other requests flow through the fire agencies and health departments. Current requests include sanitarians, personnel trained in handling disasters, building inspectors, and generators. A County department head can allow an employee to volunteer, and that information is forwarded to the State. If that person is activated, the employee becomes an asset of the State. Gila County pays the volunteer's salary and then seeks reimbursement for the salary and benefits from the Federal Emergency Management Agency (FEMA). Mr. Gonzales stated that he is not currently aware of any County employees who have been activated. He stated that because this was such a large scale disaster this work will be in progress for not months, but years. Mr. Gonzalez also stated that he just wanted to inform the Board that there is a mechanism in place and reimbursement will come from FEMA. He will keep the Board informed of any future developments. Mr. Gonzalez also stated that the most commonly asked question is if an employee is sent as a State asset and injured, is the employee insured? The employee will be covered under the State Workmen's Compensation Fund. Chairman Sanchez inquired if under the present system, a request comes to Emergency Management, who gives the final approval. Mr. Gonzalez stated the head official that reports to the Board would be Mr. Besich. Mr. Besich stated that because there would be financial situations involved, the request would be brought to the Board. Dave Fletcher stated that the State Department of Health Services has come to the County for volunteers such as public health services, sanitarians, vaccinators and social

workers. The procedure is set up whereby internal staff will be asked to volunteer, and it would be up to Mr. Fletcher to determine if that person is qualified for hard duty and has current vaccines. This information would then be given to Mr. Gonzalez and the State. Mr. Besich would then be notified that the State is requesting these “assets” and the process could be completed within 1-3 weeks. Mr. Fletcher stated, to date, five staff members have stated their willingness to volunteer. Mr. Besich stated that a database is being built to compile a list of people and their skills, but people closer to the states affected would probably be called first. Chairman Sanchez stated that no action is necessary on this item and thanked Mr. Gonzalez for his presentation. Mr. Gonzalez stated that if anyone in the public is interested, they can log on ADEM’s website (located at <http://www.dem.state.az.us/>) to volunteer.

At 12:07 Chairman Sanchez called for a brief recess.

At 12:14, Chairman Sanchez reconvened the meeting.

Supervisor Dawson requested discussion by the Board on the Gila County Industrial Development Authority’s (IDA) finances. Supervisor Dawson stated that she has been inquiring about the IDA’s finances since a few weeks after becoming a member of the Board of Supervisors. She acknowledged that the IDA is a separate corporation but its funds are in the County, and money has been transferred out of the IDA into the General Fund of Gila County. A Political Action Committee was formed in 2002 and in speaking to former IDA Board members Supervisor Dawson stated she has learned that those expenditures were used for educating people on the college bond election issues. She also stated that a contract was negotiated with Athia Hardt and her company and \$86,965.00 was paid in 2003. Supervisor Dawson presented the Board with an Analysis she prepared of IDA accounts from 1998-2004 in which the blue figures represented amounts reported to the Arizona Corporation Commission, and the figures in black were compiled from figures obtained from the Gila County Finance Department and the County Treasurer’s Office. **(A copy of Supervisor Dawson’s Analysis of IDA is permanently on**

**file in the Board of Supervisors' Office.)** Supervisor Dawson stated, *"When I first asked about the discrepancy on these funds that the reason was that the money was in a trust account. And I have e-mails that said it was in Bank One, that it was in the Washington Bank, that it was going to be transferred into the General Fund, and then finally now it appears that, in fact, the figures in the third column there under 'Other Income' of \$45,000 several times, that money never came in. The \$250,000 came in. The \$45,000 is reported to the Arizona Corporation Commission as if it were income and interest earned on it. It never came. These are funds from ASARCO, and ASARCO has declared bankruptcy. I guess my concern comes when—since we have been on this Board, a presentation was made to us by Athia Hardt and Alfredo Gutierrez about selling southern Gila County. It was a project asking for \$120,000 but there wasn't delineation clearly of what there were going to do and how they were going to do it. We didn't approve it. They went back to the IDA Board, and the IDA approved it. The \$90,000 in 2005 that was transferred from the General Fund into the IDA is in fact the funds that they need now to pay off the contract that they agreed to. They do not have funds and historically IDA did not have funds. IDA was formed in 1958 and I enjoyed reading some of the old minutes with Williard Shoecraft and Mr. Hollis and some of the old, old timers of Gila County and the efforts they made to help industry in Gila County. That's what IDA was for. If you analyze the expenditures that are shown on this and go through, I do have them broken down, not here unfortunately for you, but those expenditures have gone for [Congressman] Rick Renzi's luncheon, and as I said for the Political Action Committee for selling the provisional college issue, and these are, in my estimation, not appropriate use of County funds. Back in 2002 when the \$100,000 shows up there as a transfer out, it was transferred out of the IDA account into the General Fund of Gila County, and then the \$86,965.00 in 2003 were the expenditures for the campaign. I've been asking numerous times, and I contacted Mr. Besich a couple of weeks ago. There was a gentleman here auditing some other agencies in Gila County, and he was aware of what I was*

*looking at and he volunteered to help me with this. I contacted Mr. Besich about hiring this man to at least tell us what the funds were used for, if they're legally used. I've also referred this to the County Attorney's Office because I'm concerned about the fact that for all of these years, seven years, inaccurate reports have been made to the Arizona Corporation Commission. The Statutory Agent for the County is usually the County Manager, and that's the person that stood as a witness that the reports were true and accurate. I talked with Mr. Chambers this morning, and he informed me that they are, the County Attorney's Office, has recently turned this over to an investigator. I've spent a lot of hours gathering this information. If you have any questions about it, or if Mr. Besich has any enlightenment on these, I'd certainly be interested in hearing it or answering any questions."* Chairman Sanchez stated that he received a letter from the IDA reference this item, and a request that the letter be publicly read into the record at this Board meeting. The letter was from Fred Barcon, President of the Gila County Industrial Development Authority, and addressed to Chairman Sanchez. The letter reads as follows:

I appreciate your kind offer to address the Gila County Board on the agenda item regarding the IDA. Unfortunately, prior commitments do not permit me to appear. However, I do want to take the opportunity to provide some information and my thoughts to the Board.

As we discussed, and I know the entire Board is aware, the IDA is a non-profit organization, originally established by Gila County either in the late 50s or early 60s, governed by the laws of the State of Arizona. The current IDA Board members are volunteers and have been supported by volunteer county staff. I take great pride in the fact that these volunteers are not self-serving and have not, to my knowledge, ever submitted an invoice for their time or expenses in the past six years.

The IDA was not established to raise money, but rather to assist in the economic development of the County. As part of its efforts, the IDA participated in the ASARCO bond issue, for which it charged a user fee, the first charged to a mining company in Arizona history. The IDA has applied monies generated by the ASARCO user fee to various economic developments, infrastructure and a public education program that we believe benefited the County.

Beginning in January, Supervisor Dawson began to request financial information from the County relating to the IDA. As I have explained to her, the IDA does not maintain any financial records, nor has it ever, to my knowledge. The County has handled all monies spent and received on behalf of the IDA; not one IDA Board member is authorized to sign checks or is involved in accounting matters.

The ASARCO fees have been of particular concern. I understand that the initial user fee was paid by ASARCO, but the annual fees were not. The IDA and the County pursued those monies and ASARCO acknowledged, in writing, that the money was owed and would be paid. Unfortunately, ASARCO filed for bankruptcy protection shortly after that and the Automatic Stay imposed by the Bankruptcy Court prevents the IDA from pursuing the claim any further at this time. We have asked our counsel to evaluate and assist us in protecting our position in the bankruptcy, but it is still very early in the process and we will not know the outcome for some time.

While the County Board and the IDA have enjoyed a partnership and have coordinated efforts to promote community and economic development, it appears that the IDA has become a target of attack by innuendo at this point. Although Supervisor Dawson has said to me that she was not after the IDA or its members, she has been made aware of the facts surrounding the ASARCO user fees yet continues to publicly imply that her efforts to get IDA records are somehow being evaded.

In light of the IDA Board's contribution, I find it deeply troubling to hear the criticism leveled by Supervisor Dawson and Radio Station owner Bill Taylor that citizens of the County do not get involved – and to have those that do get involved be constantly crucified, chastised, and vilified if they do not agree with their politics. To assure that my thoughts are being accurately reported, I respectfully request that this letter [be] publicly read into the record at your next Board meeting. **(A copy of the letter is permanently on file in the Board of Supervisors' Office.)**

Supervisor Dawson requested a copy of the letter in order to provide a response. Supervisor Dawson stated, *"I do appreciate any volunteers in Gila County and on Boards. And I know that those Boards rely on volunteer staff members to report accurately, and that's what I'm concerned about is that we have, as a County, been in charge of their finances totally, and they were unaware that they, in fact, are out of funds and have overcommitted funding because they thought they had a lot more funds available to them. The funds aren't there, and the activities of politics are not a part of the IDA historically. Recently they have been, and those are the things that I believe becomes a conflict because there is obviously County funds involved in this and how they are being spent. We cannot support a political action group, nor can we support candidates. I guess now it's in the hands of the County Attorney."* Vice-Chairman Martin stated that turning this over to the County Attorney is good and appropriate. For clarification, she inquired if the IDA is its own non-profit organization, not a Gila County non-profit, but is a stand alone, non-profit organization. Vice-Chairman Martin further inquired if the funds being discussed are County



funds or IDA funds, because if they are County funds that's "*one thing*," but if they are a stand alone, non profit organization and the County has agreed to oversee the IDA's accounting, it's time the County discontinues that service. She stated it seems to be "*too much of a blending of funds*," and wondered if the IDA funds should be handled like the funds given by the County to the Globe-Miami Regional Chamber of Commerce and Economic Development Corporation whereby the Board of Directors applies the funds at the Board's discretion. Vice-Chairman Martin inquired if the County knows how much money has been brought in, how much has been spent, and if this is even the Board of Supervisors' concern. Supervisor Dawson stated that one of her first questions to the County Attorney's Office was when the County Manager acts as Statutory Agent in filing Arizona Corporation Commission reports for the IDA, what is the County's liability? Vice-Chairman Martin inquired if the County Manager was the Statutory Agent for the IDA as Gila County's Manager, or as a volunteer Statutory Agent. Supervisor Dawson stated that it does not say volunteer. Mr. Besich stated, "*It's high time the County Attorney becomes involved because between the County Attorney and the IDA's bond counsel, they will be able to sift through some of this. From 1998 or before that, until 2004, John Nelson served as Statutory Agent. Prior to him, Tommie Thompson, local attorney, served as Statutory Agent for the IDA. Being the Statutory Agent basically tells people sending mail where you are going to get your mail and where to send it to. Any reports are signed by the President of the IDA and those copies have been provided. Those reports have been sent in by President Barcon to the [Arizona] Corporation Commission. There appears to be a misunderstanding and there is a disconnect. The IDA, the Board of Supervisors, and I relied upon John Nelson and Ruben Mendoza, our Financial Advisor. They relied on what was told to them by ASARCO. ASARCO then sold to Grupo [Mexico], and Grupo, we find now, was unaware of their obligation. The second document I gave you there is their admission in writing that they owe the Gila County IDA \$360,000 for FY 2005-2006. Mr. Sanchez has copies for all of you.*"

*This is the loan agreement between IDA and ASARCO dated January 1, 1998. Reference page 10, and, with your indulgence Mr. Chairman, I'll read a couple of paragraphs into the record. On page 10, the third paragraph it says, 'It is understood and agreed that all payments payable by the Company under Subsection A of this Section 4.02 are signed by the Authority to the Trustee for the benefit of the owners of the bonds. The Company assents to such assignment. The Authority, hereby, directs the Company, and the Company hereby agrees to pay to the Trustee, at the principal office of the Trustee, all payments payable by the Company pursuant to this Subsection. The Company agrees to pay the Authority \$250,000 on the date that the bonds are issued and delivered, which is the closing date, and \$45,000 each year that any of the bonds are outstanding.'* It's a long document. That is where the disconnect and Mr. Nelson and Mr. Mendoza's logic comes between the Trustee and cash on hand at the Treasurer's Office. As we are all aware, hindsight is 20/20. Did we miss on this? Yeah, we probably could and we would do things different. This is the first time in the history of the State of Arizona that an issuance fee had been charged to anybody, and so it was somewhat uncharted water. I also have handed you, and I regret that we just finished this up this morning, and you may want to take some time before you comment on this, a fiscal report based on our general ledger that reports all the activity of the IDA from 1998 until 6/30/2004. And I'm told by Mr. Gaona and Mr. Nelson that FY 2004-2005 will be closed within the next couple of weeks, and the numbers will be reviewed for FY 2004-2005, and this first page with the detail will become the next report that's offered to the President of the IDA for his perusal and his decision on whether to file it with the ACC [Arizona Corporation Commission] or not. And with that I would be happy to answer any questions that the Board may have." **(A copy of Mr. Besich's Financial Report for the IDA is permanently on file in the Board of Supervisors' Office.)**

Supervisor Dawson stated, "I appreciate the correction that has been made on this financial report showing the ASARCO money as receivable. That is exactly the money that I've been asking about for eight months. It's the funds that were

reflecting as cash on the [Arizona] Corporation Commission reports that the money was there, and it wasn't there. I appreciate having this; this is what I've been asking for." Vice-Chairman Martin inquired about the meaning of Mr. Besich's statement 'we would have done things different.' She questioned, "You're not talking 'we, Gila County' would have done things different, you're talking 'we, IDA' would have done things different?" Mr. Besich replied, "Probably both. The activities that the IDA conducted, until the last couple of years, were strictly out of their own initial \$250,000. They began to request annual budget requests so that they could perform certain economic development activities on behalf of the County residents, no different than the PEDC, Payson Economic Development Council, or the Greater Globe-Miami Development Council, the only difference being is that their money was transported to the Chamber off site and to the Payson EDC off site, and we continued to support them, the IDA, internally. That's what I mean by doing something a little bit different." Vice-Chairman Martin stated, "I think it's too blended, that it's too confusing, that this really isn't Gila County Board of Supervisors' business, and is there some way, is IDA willing and ready to take back over?" Mr. Besich stated, "I would offer, there is, as of yesterday, \$69,892.72 on hand at the Treasurer's Office, that a demand be prepared and sent to the IDA President and request that they sign that and set up their own banking and accounting." Supervisor Dawson inquired as to the amount of funds outstanding to the IDA at this point and if the County prepared the IDA's financial report. Mr. Besich replied, "This is what I requested Mr. Nelson and the Finance Department to go back so that you and the public could look at one page instead of 500 pages of green bar sheets and sift through this. A form of this is what will be presented to Walker and Armstrong who is currently auditing the County's General Fund and preparing to make a proposal to the IDA to audit their activity from 1998 to current so that you will have, the Board will have, the audited statement you requested when you were talking about their next year's budget requests, or this year's budget requests." Vice-Chairman Martin inquired if she could make a motion under this agenda

item. Mr. Besich stated that he would be preparing his resignation as the IDA's Statutory Agent, and he recommended that the IDA appoint its bond counsel, Marty Harper, as its Statutory Agent and create or enter into an outside contract to handle the IDA's internal accounting system. Chairman Sanchez inquired of Bryan Chambers if a motion would be in order based on the way this item is listed on the agenda. Mr. Chambers stated that the argument could be made that the motion is reasonably related to the action item number 13 on the agenda, so it has been properly noticed. The safest course would be to have an action item presented on the next agenda at the next Board meeting; however, Mr. Chambers felt the argument could be made that it is reasonably related such that the public has notice that some vote like this could take place. Supervisor Dawson stated that the IDA obviously doesn't have a checking account, and she feels putting this on the next Board agenda as a specific action would give the IDA time to set up an account. Vice-Chairman Martin stated that it would take the IDA two weeks to get its check from the County, and if notified at this stage the IDA would have the necessary time and this item would be finalized. Priscilla Knuckey-Ralls, Gila County Treasurer, stated that there are probably bills in the County's system waiting to be paid for the IDA, so it might be better to state that 'the funds left in the account be transferred to the IDA' instead of providing a specific amount in the motion. Vice-Chairman Martin made the motion to authorize that a demand be cut to the IDA in the amount of its funds remaining after this week's bills have been paid, and the County reserves the right to also take into consideration any pending obligations that are not reflected in this week's bills. Supervisor Dawson seconded the motion, which was unanimously passed by the Board.

Upon motion by Supervisor Dawson, seconded by Vice-Chairman Martin, the Board unanimously approved Consent Agenda items A-D, as follows:

- A. Approved a request by the Arizona Trappers Association to rent the Fairgrounds Exhibit Hall from July 28, 2006, through July 30, 2006, for the Arizona Trappers Association Annual Convention.

B. Approved the August 2005 monthly departmental activity report submitted by the Globe Regional Constable.

C. Approved the personnel reports/actions for the week of September 12, 2005, as follows:

Departure from County Service:

1. Associate Clerk – Clerk of Superior Court – 09-01-05 – General Fund  
Adrienne Rhodes – Hire 08-12-91 – Resigned for other employment
2. Animal Control Officer III – Rabies Control – 09-22-05 – Rabies Control Fund - Michael Spaulding – Hire 04-24-02 – Resigned for personal reasons
3. Attorney – County Attorney – 08-26-05 – General Fund - Abe Muallem – Hire 11-15-04 – Resigned for personal reasons

Hire to County Service:

4. Legal Secretary I – County Attorney – 09-07-05 – A.G. Victim Rights Fund - Kathy Titla – replaces Misty Price

Temporary Hire to County Service:

5. Transfer Station Attendant – Solid Waste Management – 09-13-05 – Enterprise Fund - Karen Meridith
6. Public Lands Assistant – District I – 07-11-05 – Natural Resources Fund - Ronald Christensen

Position Review:

7. Base Map Project Manager – Assessor – 09-02-05 – Assessor Surcharge Fund - Judy Esteves – authorize overtime pay to work on auto cad maps
8. GIS/Draftsperson Technician – Assessor – 08-22-05 – Assessor Surcharge Fund - Jeremy Burk – authorize overtime pay to work on auto cad maps
9. Salary Increase – Executive Director – Eastern AZ. Counties/EECO – 07-01-05 – EACO/EECO Funds – Martin Moore
10. Salary Increase – Administrative Assistant – EECO – 07-01-05 – EECO Fund - Beverly Martin

11. Anniversary Date Increase – 09-19-05 – Nichole Chase, Steve Sanders, Arthur Epperson, Estelle Belarde, Joann Zache, Tiffany Wager, Raquel Dunman

Request Permission to Post:

12. Animal Control Officer II – Payson Rabies Control – position vacated by Michael Spaulding

**SHERIFF'S PERSONNEL ACTION ITEMS**

Departmental Transfer:

13. Deputy Sheriff Cadet to Detention Officer – Payson S.O. – 09-07-05 – General Fund - Victor Thompson

Position Review:

14. Merit Increase – Record's Clerk – Globe S.O. – 09-19-05 – General Fund - Tammy Glen
15. Merit Increase – Clerk II – Globe S.O. – 09-19-05 – General Fund – Katherine Johnson
16. Merit Increase – Admin. Assistant – Globe S.O. – 09-19-05 – General Fund - Toni McEuen
17. Merit Increase – Payroll/Accounting Spec. – Globe S.O. – 09-19-05 – General Fund - Annette Mueller

D. Approved the finance reports/demands/transfers for the week of September 12, 2005, (separate handout), as follows: \$829,004.42 was disbursed for County expenses by voucher numbers X147152 through X147221, X372823 through X37259, and X372861 through X373012. The hand-issued warrants listing is as follows: voucher number X372822 in the amount of \$4,875.00.

At this time each Board member and the Chief Administrator were presented the opportunity to give a brief summary of current events as allowed by A.R.S. §38-431.02(K).

Bryan Chambers, 2<sup>nd</sup> Chief Deputy County Attorney, requested approval of the proposed settlement in ADOR et al. v. Nextel West Corp., TX2003-

000017/Tax02-0452; TX2003-00678/Tax03-0443; and, TX2004-000999/Tax04-0329. The Board may vote to go into executive session pursuant to A.R.S. §38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the attorney for the public body.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board convened into Executive Session at 1:03 p.m.

Upon motion by Vice-Chairman Martin, seconded by Supervisor Dawson, the Board reconvened into Regular Session at 1:10 p.m.

Vice-Chairman Martin made the motion to approve the proposed settlement in ADOR (Arizona Department of Revenue) et al. v. Nextel West Corp., pertaining to all of the tax numbers listed (and noted above) and to advise the County Attorney to settle this lawsuit for \$314.00 plus interest. The motion was seconded by Supervisor Dawson, and the Board unanimously approved the proposed settlement.

There being no further business to come before the Board, Chairman Sanchez adjourned the meeting at 1:12 p.m.

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Jose M. Sanchez, Chairman

ATTEST:

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Steven L. Besich, County Manager/Clerk